Q2CY26 - Result Update
10th August 2026

Rain Industries Ltd.

Carbon and Advanced Materials drive sharp margin expansion; Cement lags

CMP: INR 205

Rating: BUY

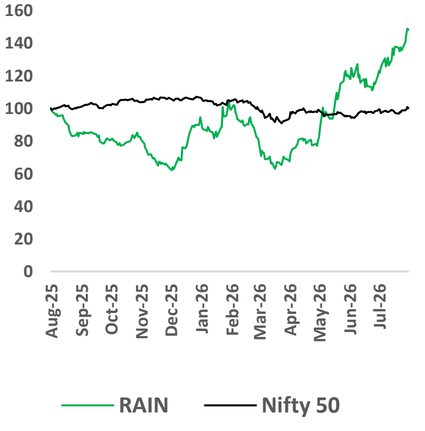
Target Price: INR 348

Stock Info	
BSE	500339
NSE	RAIN
Bloomberg	RAIN:IN
Sector	Petrochemicals
Face Value (INR)	2
Mkt Cap (INR Bn)	68.8
52w H/L (INR)	247.8/99.9
Avg yearly Vol (in 000')	4,346

Shareholding Pattern % *(As on Jun, 2026)*	
Promoters	41.35%
Public & Others	58.65%

Stock Performance (%)	1m	6m	12m
Rain Industries	+25.2	+51.1	+53.7
Nifty 50	+1.4	+6.2	+4.1

Rain Ind Vs Nifty 50



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Rain Ind. reported revenue of INR 51,672 Mn in Q2CY26 (+17.40% YoY/+14.30% QoQ), ahead of our estimate of INR 47,850 Mn, led by stronger realisations in Carbon and Advanced Materials. EBITDA stood at INR 9,471 Mn (+50.48% YoY/+35.96% QoQ), ahead of our estimate of INR 7,610 Mn. EBITDA margin expanded (+403 bps YoY/+292 bps QoQ) to 18.33% vs 14.30% in Q2CY25 on blend optimisation, flow-through of lower-cost Q1CY26 inventory, 2025 cost savings and currency. Adjusted PAT came in at INR 3,173 Mn vs INR 495 Mn in Q2CY25 (adj. EPS INR 9.43).

Key Highlights:

Carbon delivers a step-change in margins on blend optimisation and inventory gains: Revenue stood at INR 37,700 Mn in Q2CY26 (+12.47% QoQ / +18.14% YoY), driven entirely by better realisations in Calcination and Distillation. Volumes fell to 594k MT (-5.26% QoQ / -10.54% YoY), the decline concentrated in Calcination on shipment timing and the diversion of Middle East-bound cargoes into spot sales elsewhere; Distillation volumes rose on stronger carbon black oil demand. Adj EBITDA rose INR 2.96 Bn YoY (+57.5%) to INR 8,110 Mn and OP margin expanded 537 bps YoY to 21.51%, aided by blend optimisation, steady Distillation performance, favourable inventory pricing and lower operating costs. With the rising GPC costs as battery anode demand competes for premium low-sulphur grades remains a cost pressure. The company has maintained a safety stock of raw material inventory, remaining slightly cautious on the middle east conflict and rising cost of GPC, remain a primary driver of rise in working capital debt to USD 257 Mn .

Advanced Materials margin at a multi-quarter high on pricing, mix and currency: Revenue stood at INR 10,730 Mn (+24.33% QoQ / +31.17% YoY), led by price increases on reduced market supply and ~13.5% EUR appreciation against INR. Volumes rose to 71k MT (+4.41% QoQ), with higher Engineered Products offtake offsetting softer Resins and Chemical Intermediates. Adj EBITDA more than doubled to INR 1,680 Mn (+118.2% YoY) and OP margin expanded 624 bps YoY to 15.66% on favourable timing of raw-material purchases, disciplined cost and pricing management and the carry-over of 2025 cost savings. The company remain cautious on costs, with benzene at a 12-quarter high of USD 1,376/ton.

Cement stays weak on South India competition; Q4CY26 expects to be trigger: Revenue stood at INR 2,970 Mn (+8.39% QoQ / -8.90% YoY) as volumes declined to 651k MT (-6.87% YoY) on intensified competition in South India following acquisitions by pan-India players, while elevated logistics and fuel costs weighed on margins. Adj EBITDA fell to INR 150 Mn (-40.0% YoY) with OP margin at 5.05% vs 7.67% in Q2CY25, though up from 2.19% in Q1CY26. Management expects Amaravati's development as the Andhra Pradesh capital to drive demand from Q4CY26.

Deleveraging on track; net debt/EBITDA improves to 2.8x: Gross debt stood at USD 1,064 Mn (including USD 257 Mn of working capital debt) and net debt at USD 892 Mn; net debt/LTM adj EBITDA improved to 2.77x from 3.21x in Dec-25. Liquidity was USD 313 Mn with no significant term maturity until Oct-2028. H1CY26 operating cash flow turned positive at INR 1,877 Mn vs an outflow of INR 1,967 Mn a year ago.

Valuation & Outlook: **RAIN reported its strongest quarter in the last four years, with adjusted EBITDA of INR 9,935 Mn (19.2% margin). Carbon and Advanced Materials delivered a healthy margin recovery, while Cement continued to improve. Advanced Materials is expected to sustain growth, supported by lower energy costs and improving demand, while the Carbon business has built inventory as a buffer against higher CPC raw material prices. Although the benefit of lower-cost Q1 inventory is largely one-off, management expects Q3 performance to remain broadly similar despite slightly higher raw material costs and geopolitical uncertainty. Lower global primary aluminium production should continue to support firm LME prices and healthy CPC/CTP realizations. At the current market price of INR 205, we maintain our BUY rating with an SOTP-based target price of INR 348 per share, implying a potential upside of 69.9%.**

Exhibit: Valuation Summary

Valuation summary Y/E Mar, Rs mn	CY2024	CY25	CY26E	CY27E	CY28E
Net Sales	153,744	169,458	203,481	228,607	248,023
EBIDTA	12,741	21,372	31,346	33,862	36,620
EBIDTA M	8.29%	12.61%	15.40%	14.81%	14.76%
Net Profit	(4,499)	1,359	7,701	7,857	9,410
Net Profit M	-2.93%	0.80%	3.78%	3.44%	3.79%
Diluted EPS	(13.38)	4.04	22.90	23.36	27.98
PER, x	(15.32)	50.74	8.95	8.78	7.33
ROE, %	-6.78%	1.82%	10.21%	9.43%	10.15%

Rain Industries CY28E based implied valuation	Carbon	Chemical	Cement	
CY28E EBITDA (INR Mn)	32,330	2,588	1,620	36,538
EV/EBITDA (x)	5x	5x	6x	5x
EV (INR Mn)	155,184	11,647	8,910	175,741
Net Debt/(cash) (INR mn) - CY28E end				58,590
Market Cap (INR mn)				117,151
Share outstanding (mn)				336
Value per share (INR) - CY28E				348
CMP (INR)				205
Upside/Downside (%)				**69.9%**
Rating				**Buy**

Source: Company reports, Arihant Capital Research

Exhibit: Quarterly Performance

Rain Industries Q2CY26 Result	*Actuals*				
INR Mn (Consolidated)	**Q2CY26**	**Q1CY25**	**Q2CY25**	**Q-o-Q**	**Y-o-Y**
Net Revenue	**51,672**	**45,207**	**44,014**	***14.30%***	***17.40%***
Raw Material Costs	27,171.1	24,271.7	25,064.0	*11.95%*	*8.41%*
Gross Profit	24,501	20,936	18,950	*17.03%*	*29.29%*
Gross Margin	*47.42%*	*46.31%*	*43.05%*	*111bps*	*436bps*
Employee costs	4,350	3,757	3,298	*15.78%*	*31.89%*
Other Expenses	10,511	10,213	9,360	*2.91%*	*12.30%*
EBITDA	**9,640**	**6,966**	**6,292**	***38.40%***	***53.21%***
EBITDA margin	*18.66%*	*15.41%*	*14.30%*	*325bps*	*436bps*
Other Non Operating Income	331	461	275	*-28.34%*	*20.11%*
Depreciation	2,447	2,486	2,249	*-1.59%*	*8.77%*
EBIT	**7,524**	**4,941**	**4,318**	***52.29%***	***74.24%***
Finance costs	2,514	2,383	2,282	*5.48%*	*10.13%*
Exceptional Items	**-**	**-**	**-**	***0.00%***	***0***
Share of P/L of Associates	**-**	-	**-**		
PBT	5,011	2,558	2,036	*95.90%*	*146.11%*
Tax Expense	*1600.82*	*979.12*	*1205.99*	*63.50%*	*32.74%*
Effective tax rate	**32%**	**38%**	**59%**		
PAT	*3409.86*	*1578.64*	*829.95*	*116.00%*	*310.85%*
PAT margin	**6.6%**	**3.5%**	**1.9%**	***311bps***	***471bps***
EPS	**10.14**	**4.69**	**2.47**	*116.00%*	*310.85%*

Source: Company Reports, Arihant Capital Research

Exhibit: Segment-Wise Result Performance

Carbon Segment INR Mn (Consolidated)	**Q2CY26**	**Q1CY26**	**Q2CY25**	***Q-o-Q***	***Y-o-Y***
Net Revenue	**40,211**	**35,276**	**34,108**	***13.99%***	***17.89%***
Operating Profit	7,733	6,202	5,788	*24.68%*	*33.60%*
OP Margin	*19.23%*	*17.58%*	*16.97%*	*165bps*	*226bps*
Advanced Materials Segment INR Mn (Consolidated)	**Q1CY26**	**Q4CY25**	**Q1CY25**	***Q-o-Q***	***Y-o-Y***
Net Revenue	**11,979**	**9,750**	**9,486**	***22.86%***	***26.28%***
Operating Profit	1,606	639	553	*151.23%*	*190.54%*
OP Margin	*13.41%*	*6.56%*	*5.83%*	*685bps*	*758bps*
Carbon Segment INR Mn (Consolidated)	**Q1CY26**	**Q4CY25**	**Q1CY25**	***Q-o-Q***	***Y-o-Y***
Net Revenue	**2,968**	**2,738**	**3,260**	***8.40%***	***-8.94%***
Operating Profit	60	(11)	244	*0.00%*	*-75.41%*
OP Margin	*2.02%*	*-0.41%*	*7.47%*	*243bps*	*-545bps*

Source: Q2CY26 Inv Pres, Fin Result, Arihant Capital

Carbon Segment Volumes and per-ton	Q2CY26	Q1CY26	Q2CY25	Q-o-Q	Y-o-Y
Sales Volume (MT 000)	**594**	**627**	**664**	***-5.26%***	***-10.54%***
Realisation (INR/MT)	63,468	53,461	48,057	*18.72%*	*32.07%*
EBITDA (INR/MT)	*13,653*	*10,287*	*7,756*	*32.72%*	*76.03%*
Advanced Materials Segment Volumes and per-ton	**Q2CY26**	**Q1CY26**	**Q2CY25**	***Q-o-Q***	***Y-o-Y***
Sales Volume (MT 000)	**71**	**68**	**70**	***4.41%***	***1.43%***
Realisation (INR/MT)	151,127	126,912	116,857	*19.08%*	*29.33%*
EBITDA (INR/MT)	*23,662*	*9,559*	*11,000*	*147.54%*	*115.11%*
Cement Segment Volumes and per-ton	**Q2CY26**	**Q1CY26**	**Q2CY25**	***Q-o-Q***	***Y-o-Y***
Sales Volume (MT 000)	**651**	**633**	**699**	***2.84%***	***-6.87%***
Realisation (INR/MT)	4,562	4,329	4,664	*5.40%*	*-2.18%*
EBITDA (INR/MT)	*230*	*95*	*358*	*143.09%*	*-35.58%*

Source: Q2CY26 Inv Pres, Arihant Capital

Exhibit: Income Statement (Consol)

Income Statement Y/E Mar, Rs mn	CY2024	CY2025	CY2026E	CY2027E	CY2028E
Net sales	**153,744**	**169,458**	**203,481**	**228,607**	**248,023**
Growth, %	-15.25%	10.22%	20.08%	12.35%	8.49%
Raw material expenses	88,531	96,522	109,880	126,420	137,157
Employee expenses	14,091	13,186	15,871	17,831	19,346
Other Operating expenses	38,381	38,378	46,384	50,494	54,901
EBITDA (Core)	**12,741**	**21,372**	**31,346**	**33,862**	**36,620**
Growth, %	36.53%	67.75%	46.66%	8.03%	8.15%
Margin, %	8.29%	12.61%	15.40%	14.81%	14.76%
Depreciation	8,071	9,218	10,359	10,854	11,394
Interest paid	9,406	9,216	9,770	9,770	9,770
Other Income	2,456	1,384	1,522	1,522	1,522
Non-recurring Items					
Pre-tax profit	**4,670**	**12,154**	**20,986**	**23,007**	**25,226**
Tax provided	2,243	2,987	5,037	6,902	7,568
Profit after tax	**(4,499)**	**1,359**	**7,701**	**7,857**	**9,410**
PAT Adj.	**(4,499)**	**1,359**	**7,701**	**7,857**	**9,410**
Growth, %	-43.49%	-130.20%	466.75%	2.02%	19.77%
Unadj. shares (m)					
Wtd avg shares (m)	-	-	-	-	-

Exhibit: Balance Sheet (Consol)

Balance Sheet					
As at 31st Mar, Rs mn	**CY2024**	**CY2025**	**CY2026E**	**CY2027E**	**CY2028E**
PPE	43,603	48,114	49,745	44,390	38,996
CWIP	4,731	3,359	9,114	9,389	9,689
Goodwill	62,437	69,632	69,632	69,632	69,632
Rights Of Use Assets	5,757	7,646	7,646	7,646	7,646
Financial Assets	445	428	428	428	428
Other Non Current Assets	1,714	1,084	1,084	1,084	1,084
Total Non current Assets	**118,860**	**130,483**	**137,869**	**132,789**	**127,695**
Inventories	30,521	36,229	36,125	39,831	41,335
Receivables	17,303	20,527	23,963	26,781	29,436
Cash & CE	13,212	9,257	11,256	20,628	31,877
Bank Balances	5,492	6,005	-	-	-
Other Current Assets	3,569	4,602	5,006	5,451	5,940
Other Financial Assets	412	495	542	593	650
Total Current Assets	**70,509**	**77,115**	**76,891**	**93,284**	**109,239**
Total assets	**189,369**	**207,598**	**214,760**	**226,074**	**236,934**
Total Equities	**68,250**	**76,908**	**77,853**	**85,710**	**95,120**
Non current borrowings	64,842	72,558	72,558	72,558	72,558
Other Non current liabilities	15,995	16,986	16,986	16,986	16,986
Total Non current liabilities	**80,837**	**89,544**	**89,544**	**89,544**	**89,544**
Current borrowings	13,768	17,910	17,910	17,910	17,910
Trade Payables	15,209	12,430	18,647	22,104	23,553
Other Current Liabilities	11,305	10,807	10,807	10,807	10,807
Total Current Liabilities	**40,282**	**41,147**	**47,363**	**50,820**	**52,270**
Total equity & liabilities	**189,369**	**207,598**	**214,760**	**226,074**	**236,934**

Cash Flow Statement					
Y/E Mar, Rs mn	CY2024	CY2025	CY2026E	CY2027E	CY2028E
Net profit after tax	**(4,499)**	**1,359**	**7,701**	**7,857**	**9,410**
Other Income	(2,456)	(1,384)	(1,522)	(1,522)	(1,522)
Finance Costs	9,406	9,216	9,770	9,770	9,770
Depreciation & Amortisation Expenses	8,071	9,218	10,359	10,854	11,394
Profit Before WCC	**10,522**	**18,410**	**26,309**	**26,959**	**29,052**
Inventories	1,244	(5,709)	104	(3,706)	(1,504)
Trade receivables	4,398	(3,224)	(3,436)	(2,818)	(2,655)
Trade payables	1,715	(2,779)	6,217	3,457	1,450
Other financial assets	2,091	(89)	(45)	(50)	(55)
Other current assets	(127)	(1,367)	(404)	(445)	(489)
Short term Borrowings	5,210	4,142	-	-	-
Other current liabilities	(454)	(49)	-	-	-
Other financial liabilities	92	(552)	-	-	-
Deferred tax liabilities (net)	(633)	9	-	-	-
Income-tax-assets (net)	204	15	-	-	-
Loans	2	(2)	(1)	(2)	(2)
CFO	**24,265**	**8,806**	**28,742**	**23,396**	**25,797**
CFI					
Property, plant and equipment	(5,576)	(13,729)	(11,990)	(5,500)	(6,000)
Capital work-in-progress	(411)	1,372	(5,755)	(275)	(300)
Rights of Use Assets	(999)	(1,889)	-	-	-
Goodwill	209	(7,196)	-	-	-
other intangible assets	25	2	-	-	-
Intangible Assets Under development	(20)	(49)	-	-	-
Non current tax assests (net)	541	304	-	-	-
Other non-current assets	191	311	-	-	-
Investment	(71)	24	-	-	-
Other Income	2,456	1,384	1,522	1,522	1,522
CFI	**(3,655)**	**(19,465)**	**(16,223)**	**(4,253)**	**(4,778)**
CFF					
Equity share capital	-	-	0	-	-
Other equity	(2,549)	6,756	(6,756)	-	-
non - controlling interest	(2,356)	543	-	-	-
Others financial assets	-	-	-	-	-
Long term Borrowings	(8,335)	7,715	-	-	-
Loans	-	-	-	-	-
Lease liabilities (Non-current)	639	970	-	-	-
Lease liabilties	527	471	-	-	-
Provisions (Non-Current)	(822)	36	-	-	-
Other non-current liabilities	(22)	(1)	-	-	-
Provisions	761	(412)	-	-	-
Dividend	-	-	-	-	-
Current Tax Liabilities(net)	(399)	357	-	-	-
Finance Costs	(9,406)	(9,216)	(9,770)	(9,770)	(9,770)
CFF	**(21,962)**	**7,217**	**(16,526)**	**(9,770)**	**(9,770)**
NET	**(1,352)**	**(3,442)**	**(4,007)**	**9,373**	**11,249**
Opening Cash	**20,056**	**18,704**	**15,262**	**11,256**	**20,628**
Closing Cash	**18,704**	**15,262**	**11,256**	**20,628**	**31,877**

Ratios	CY2024	CY2025	CY2026E	CY2027E	CY2028E
Per Share data					
EPS (INR)	-13.38	4.04	22.90	23.36	27.98
Growth, %	-43%	-130%	467%	2%	20%
Book NAV/share (INR)	101.46	114.33	115.73	127.41	141.40
DPS (INR)	0.00	0.00	0.00	0.00	0.00
Return ratios					
Return on assets (%)	81%	82%	95%	101%	105%
Return on equity (%)	225%	220%	261%	267%	261%
Return on capital employed (%)	3%	8%	13%	14%	15%
ROIC	-3%	1%	5%	5%	6%
Turnover ratios					
Asset turnover (x)	0.81	0.82	0.95	1.01	1.05
Sales/Working Capital (x)	5.09	4.71	6.89	5.38	4.35
Receivable days	41.08	44.21	42.98	42.76	43.32
Inventory days	126	137	120	115	110
Payable days	63	47	62	62	62
Working capital days	104	134	101	96	91
Liquidity ratios					
Current ratio (x)	1.75	1.87	1.62	1.84	2.09
Quick ratio (x) (excl. c&ce)	1.29	1.50	1.39	1.43	1.48
Interest cover (x)	0.06	0.13	0.23	0.25	0.28
Dividend cover (x)	0.00	0.00	0.00	0.00	0.00
Total debt/Equity (%)	119%	122%	121%	109%	98%
Net debt/Equity (%)	5%	-15%	0%	0%	0%
Valuation					
PER (x)	-15.32	50.74	8.95	8.78	7.33
PEG (x) - y-o-y growth	0.35	0.00	0.00	0.00	0.00
Price/Book (x)	1.04	0.93	0.91	0.83	0.74
EV/Net sales (x)	0.85	0.86	0.73	0.61	0.52
EV/EBITDA (x)	10.21	6.80	4.77	4.14	3.52
EV/EBIT (x)	27.87	11.96	7.12	6.09	5.11

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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